

Message Text

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ORIGIN ARA-17

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TRSE-00 OMB-01 CIAE-00 INR-10 NSAE-00 RSC-01 /061 R

DRAFTED BY ARA- LA/ PAN: HLSTEIN/ LJHORWITZ: JVC

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APPROVED BY ARA- LA/ PAN: LJHORWITZ

DOD: ROSS KRUSER

ARA/ ECP: JLANDBERG

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FM SECSTATE WASHDC

TO AMEMBASSY PANAMA

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E. O. 11652: NA

TAGS: ETRN, PN, US

SUBJECT: DARIEN GAP HIGHWAY - MEETING OF IDB AND DOT
OFFICIALS

REFS: (A) DANIELS- HORWITZ LETTER, MAY 4, 1973

(B) SAYRE- BELL LETTER, MAY 8, 1973

SUMMARY: OFFICIALS OF IDB AND DOT MET MAY 17 AND
TENTATIVELY AGREED TO HOLD MEETING FIRST WEEK OF JUNE
IN PANAMA TO DEVELOP REVISED COST ESTIMATES FOR DARIEN
GAP HIGHWAY CONSTRUCTION IN PANAMA. IDB AND DOT ENGINEERS
PLAN EXCHANGE OF COST DATA IN ADVANCE OF MEETING AND PLAN
REQUEST GORDON AND CARLES TO WORK ON PRELIMINARY ESTI-
MATES IN ADVANCE OF MEETING. END SUMMARY.

1. AT INVITATION OF DEPUTY DIRECTOR, ARA/ PAN, OFFICIALS
OF IDB AND FEDERAL HIGHWAY ADMINISTRATION (FHWA) MET
MAY 17 WITH DEPARTMENT OFFICERS TO DISCUSS COST ESTIMATES
ON DARIEN GAP HIGHWAY CONSTRUCTION IN PANAMA IN ATTEMPT
TO RESOLVE IMPASSE BETWEEN IDB AND FHWA ON THIS MATTER
WHICH HAD HELD UP IDB ACTION ON PENDING LOAN.

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3. IDB ENGINEER RODOLFO LEWY ESTIMATED THAT COST OF ALL-WEATHER ROAD IN PANAMA WOULD BE \$96 MILLION AGAINST ORIGINAL ESTIMATE OF DARIEN GAP SUBCOMMITTEE OF \$90 MILLION FOR ASPHALT- SURFACE ROAD. HIS ESTIMATE, BASED ON REVISED QUANTITY DATA AND UNIT COSTS DERIVED FROM

RECENT CONTRACTING PROCESS, HAD BEEN DISCUSSED WITH CARLES BUT SHOULD NOT BE CONSIDERED FIRM.

FHWA OFFICIAL HARRY LINDBERG INDICATED THAT 1968 COST ESTIMATES WERE NEVER CONSIDERED IMMUTABLE AND SHOULD NOW BE UPDATED. FHWA WOULD BE WILLING TO REVIEW ENGINEERING COSTS WITH IDB AND PANAMANIAN ENGINEERS IF AGREEABLE TO PANAMA AND, IF NECESSARY, REVISE ESTIMATES UPWARD. HE STATED THAT IF HIGHER COSTS ARE INDICATED, FHWA WOULD BE PREPARED TO COMMIT \$60 MILLION ALREADY AUTHORIZED TOWARD COMPLETION OF ALL- WEATHER ROAD AND AS NECESSARY REQUEST CONGRESSIONAL APPROVAL FOR ADDITIONAL FUNDS FOR GRANT CONTRIBUTION. IT WAS AGREED THAT ONCE THERE WAS A CONSENSUS ON NEW COST ESTIMATES, A REVISED FINANCIAL PLAN WOULD BE PREPARED, WHICH WHEN APPROVED BY ALL PARTIES CONCERNED, WOULD PROVIDE THE BASIS FOR ACTION ON THE IDB LOAN. THE PARTIES AGREED TO MEET APPROXIMATELY FIRST WEEK OF JUNE IN PANAMA TOGETHER WITH GORDON AND CARLES TO REACH AGREEMENT ON REVISED COST ESTIMATE.

5. LEWY (IDB) PARTICIPATION IN PANAMA MEETING SUBJECT TO APPROVAL BY HIS SUPERIORS. DEPT. WILL ADVISE ON FINAL ARRANGEMENTS AND ETA PARTICIPANTS. RUSH

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